

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 1, 2007

TO: Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2521 by Davis, Yvonne (Relating to a temporary moratorium on permits for certain coal-fired electric generating facilities and to a contemporaneous study of the projected demand for electric generating capacity in this state and the potential for and consequences of reducing or meeting that demand by various means.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2521, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from CLEAN AIR ACCOUNT 151
2008	(\$250,000)
2009	(\$250,000)
2010	\$0
2011	\$0
2012	\$0

Fiscal Analysis

The bill would prohibit the Texas Commission on Environmental Quality (TCEQ) from accepting or issuing permits for new or modified pulverized coal-fired electric generating facilities (EGFs) for a period of two years, starting at enactment of the bill. During this time, the TCEQ would also be required to complete a study covering: 10-year future electric demand in Texas; the potential for conservation and renewable energy based power; environmental impacts of new electric generation; and effects on electric rates of various generation approaches.

Methodology

Because the moratorium is temporary, the change in permit flow would have no overall impact on TCEQ agency operations. The TCEQ expects that the two-year study required by the bill, however, would cost approximately \$500,000. This estimate assumes that the study would be outsourced, and it would be paid using funds in the General Revenue-Dedicated Clean Air Account No. 151.

Local Government Impact

Local governments planning to construct or modify pulverized coal-fired EGFs could experience negative fiscal impacts upon passage of the bill to the extent that the cost to provide electricity by alternative means could exceed the cost the entity would have otherwise paid for a coal-fired EGFs.

Source Agencies: 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality

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